

MINUTES OF REGULAR MEETING
BOARD OF DIRECTORS
ATASCADERO MUTUAL WATER COMPANY

February 13, 2008

The meeting convened at the office of Atascadero Mutual Water Company, 5005 El Camino Real, Atascadero, at 6:30 p.m., President Leroy Davis presiding. Others present were Vice President Robert Jones, Directors Frank Platz, Jackie Lerno, and Brien Vierra, General Manager John Neil, and Secretary Cheryl Powers.

PUBLIC COMMENT:

Lynn Swenson, a business agent of Teamsters Local Union 381, explained to the Board that the AMWC union employees feel that the issue of the medical insurance is holding up negotiations. Joe Martines explained that the employees feel the medical insurance is the backbone of their employment package and that the proposed insurance plan represents a reduction of benefits. Marc Hazuka explained that the issue is looming over the Water Company like a dark cloud and is hurting morale, and the community will suffer as a result. Lynn stated that the employees are here to say this is what they want for themselves and their families.

APPROVAL OF MINUTES:

A motion was made and seconded to revise the minutes and to approve the revised minutes of the regular meeting of January 9, 2008. The motion carried 5 to 0.

APPOINTMENT OF NEW BOARD MEMBER:

The Board announced that Brien Vierra has been appointed as the new Board member to fill the vacancy left by Rodger Vierra.

The following reports were reviewed:

OPERATIONS REPORT:

The Operations Report was available for review. The General Manager reported that the water levels are coming up rapidly. He stated that two wells are currently out of operation but will be operational by summertime.

FINANCIAL REPORT:

The Financial reports for December were available for review. The General Manager reported that progress has been made in investing funds and that some CDs will soon mature to cover upcoming costs. He also noted that revenue and expenditures are lower than anticipated.

CONSERVATION REPORT:

The Conservation Report was available for review. The General Manager reported that the Conservation Manager is currently at a conference in Reno, and he reported that all Conservation programs are doing well. He also stated that the "Drought Watch" signs will not go up, but the Conservation Manager succeeded in obtaining a permanent permit through the City to allow the signs to be posted in the future.

The Manager's Report was available for review as follows:

NACIMIENTO WATER PROJECT (NWP):

The project is underway, and it may be possible to arrange for the Board to tour the project. Progress is being made regarding the required easements, including the easement at Camp Roberts.

NWP RECHARGE AND RECOVERY BASINS:

The City has approved the CUP submitted.

EAST RIVER WELLS:

Staff is making preparations for horizontal boring under the Salinas River.

UNION NEGOTIATIONS:

Negotiations will be discussed further in Executive Session.

SAN GREGORIO ROAD PRV STATION UPGRADE:

The PRV station and upgrades are complete and the station is operational.

SAN MARCOS TANK ROOF REPLACEMENT:

The roof has been removed and the dome is being fabricated.

NEXT MEETING DATE AND TIME:

The next meeting is scheduled for March 5, 2008, at 6:30 p.m.

GRANTS OF EASEMENTS (NWP):

The General Manager requested that the President execute an easement deed for the easements required by San Luis Obispo County for the construction of the Nacimiento Water Project, as submitted with the agenda item. There was discussion regarding the property to be included in the easement agreement. A motion was made and seconded to accept the recommendation of the General Manager to execute the easement deed. The motion carried 5 to 0.

FACILITY EXPANSION:

Architect Frank Seiple presented a Powerpoint slideshow showing the site plan and the floor plan for the new facility. In addition, he reviewed the access, landscaping, fencing, roofs, utility buildings, elevations, and future expansion capability. There was discussion regarding the size of the Board room and how it might be expanded to accommodate a larger group. It was suggested that the lobby could be used as overflow and that other alternatives can be discussed at future meetings.

The following new business was discussed:

ANNUAL MEETING AND RECORD DATES:

A motion was made and seconded to adopt the following resolution:

BE IT RESOLVED: That the annual meeting date be set for May 7, 2008, at 7:00 p.m., at the Atascadero Mutual Water Company office, located at 5005 El Camino Real, Atascadero, CA, and;

RESOLVED FURTHER, that the Record date be set for March 11, 2008, and;

RESOLVED FURTHER, that the five people to be listed as the Board's nominees on the notice of the 2008 Annual Shareholders Meeting be: Leroy R. Davis, Robert M. Jones, Jackie M. Lerno, D. Frank Platz, and Brien Vierra.

RESOLVED FURTHER, that D. Frank Platz and Leroy R. Davis be appointed as proxies to vote the shares represented by proxy at the 2008 Annual Shareholders Meeting in the proxy to be distributed to shareholders of record.

The motion carried 5 to 0.

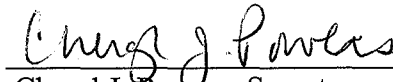
GRANT OF EASEMENT, 4955 SYCAMORE AVENUE, APN 028-021-002:

The General Manager explained that owner of the subject property contacted staff regarding the possibility of not fencing so close to their residence, as the lot line was surveyed and found to be approximately 5 feet from the boundary of Mrs. Kennedy's property. The alternatives regarding this issue were discussed, and the Board made a motion and voted unanimously to grant a 1,622± square foot land use easement over the River parcel in exchange for 992± square feet of additional access easement on Lot 15, Block H.

401(K) PLAN FUND CHANGES:

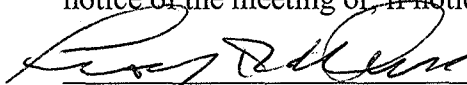
The General Manager explained that AMWC's Pension Committee had recently met with John Nelson, the 401(k) Plan's broker of record, and that John Nelson recommended some changes to the plan's current fund offerings, as noted in the agenda report. He reported that the Pension Committee has voted to accept the recommendations made, and staff is seeking the Board's approval to implement them. A motion was made and seconded to accept the recommended changes to the AMWC 401(k) Plan's fund offerings. The motion carried 5 to 0.

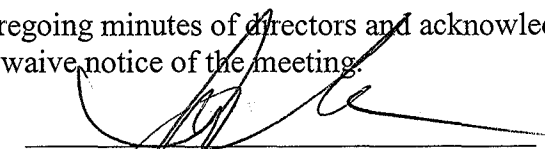
The meeting was adjourned

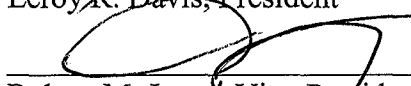

Cheryl J. Powers, Secretary

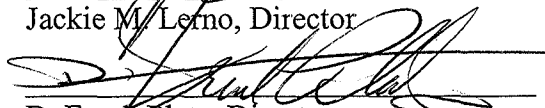
APPROVED:

The undersigned directors of the Company approve the foregoing minutes of directors and acknowledge notice of the meeting or, if notice was not properly given, waive notice of the meeting.


Leroy R. Davis, President


Jackie M. Lerno, Director


Robert M. Jones, Vice-President


D. Frank Platz, Director


Brien Vierra, Director